



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8**

1595 Wynkoop Street
DENVER, CO 80202-1129
Phone 800-227-8917
<http://www.epa.gov/region08>

Ref: 8ENF-L

April 8, 2011

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ronald W. Clayton, President
CoCa Mines, Inc.
6500 North Mineral Drive, Suite 200
Coeur d' Alene, Idaho 83815-9408

Re: Request For Information
Gilt Edge Mine Site, Lawrence County, South Dakota

Dear Mr. Clayton:

This letter seeks your cooperation in providing information and documents relating to the Gilt Edge Mine Site located approximately 4.5 miles southeast of the town of Lead in the northern Black Hills of Lawrence County, South Dakota (Site). The United States Environmental Protection Agency (EPA) is writing this letter to you because it has information that indicates that CoCa Mines, Inc., may have owned and/or operated portions of property comprising the Site. EPA is currently investigating the nature and extent of contamination and past operations at the Site.

Pursuant to the authority of Section 104 of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), 42 U.S.C. § 9604, as amended, you are hereby requested to respond to the Information Request set forth in Enclosure 1, attached hereto. EPA seeks your voluntary cooperation in this investigation. Your compliance with the Information Request is appreciated and is required by law. Please provide a complete and truthful response to this Information Request within thirty (30) days of your receipt of this letter. Section 104 of CERCLA, 42 U.S.C. Section 9604, authorizes EPA to pursue penalties for failure to meet that deadline or failure to respond adequately. In addition, providing false, fictitious or fraudulent statements or representations may subject you to criminal penalties under 18 U.S.C. Section 1001.

This Information Request is not subject to the approval requirements of the Paperwork Reduction Act of 1980, 44 U.S.C. §§ 3501, et seq.

Your response to this request must be accompanied by a notarized certificate that is signed and dated by the person who is authorized by you to respond to this request. The notarized certificate must state that the response submitted to EPA is complete and contains all documents and information responsive to this request that are known to you following a complete and thorough review of all information and sources available to you. A suggested format for the notarized certificate is included with this request as Enclosure 2.

Your response to this Information Request should be mailed to:

Sharon Abendschan
U.S. EPA Region 8
Technical Enforcement Program, 8ENF-RC
1595 Wynkoop Street
Denver, Colorado 80202

If you have any questions relating to this Information Request, please contact Andrea Madigan, EPA Enforcement Attorney, at (303) 312-6904. Thank you for your cooperation in this matter.

Sincerely,



Kelcey Land, Director
Technical Enforcement Program,
Office of Enforcement, Compliance,
And Environmental Justice



Matthew Cohn, Supervisory Attorney
Legal Enforcement Program,
Office of Enforcement, Compliance,
And Environmental Justice

Enclosures
cc: Joseph G. Middleton, Esquire

ENCLOSURE 1

GILT EDGE MINE SITE INFORMATION REQUEST CoCa Mines, Inc.

Instructions

1. Please provide a separate narrative response to each and every Question and subpart of a Question set forth in this Information Request.
2. Precede each answer with the number of the Question to which it corresponds.
3. If information or documents not known or not available to you as of the date of submission of a response to this Information Request should later become known or available to you, you must supplement your response to EPA. Moreover, should you find, at any time after the submission of your response, that any portion of the submitted information is false or misrepresents the truth, you must notify EPA of this fact as soon as possible and provide EPA with a corrected response.
4. For each document produced in response to this Information Request indicate on the document, or in some other reasonable manner, the number of the Question to which it corresponds.
5. The information requested herein must be provided even though the Respondent may contend that it includes possibly confidential information or trade secrets. You may, if you desire, assert a confidentiality claim covering part or all of the information requested, pursuant to Sections 104(e)(7)(E) and (F) of CERCLA, 42 USC 9604(e)(7)(E) and F, Section 3007(b) of RCRA, 42 USC 6927(b), and 40 CFR 2.203(b), by attaching to such information at the time it is submitted, a cover sheet, stamped or typed legend, or other suitable form of notice employing language such as "trade secret," or "proprietary" or "company confidential." Information covered by such a claim will be disclosed by EPA only to the extent, and only by means of the procedures set forth in 40 CFR Part 2, 41 Fed. Reg. 36,902 (1976) (amended at 43 Fed. Reg. 40,000 (1978), and 50 Fed. Reg. 51,661 (1985)). If no such claim accompanies the information when it is received by EPA, it may be made available to the public by EPA without further notice to you. You should read the above cited regulations carefully before asserting a business confidentiality claim, since certain categories of information are not properly the subject of such a claim.

Definitions

The following definitions shall apply to the following words as they appear in this Enclosure 1:

1. The terms "you", "Respondent" or "CoCa Mines" shall mean CoCa Mines, Inc., a Colorado corporation, the addressee of this Request, and its predecessors, successors, parent companies, and subsidiary companies.

2. The term "DOJ Submittal" shall mean the January 7, 2011, response submitted by CoCa Mines, Inc., to the September 21, 2010 letter from the Department of Justice.

3. The terms "document" and "documents" shall mean any written, recorded, or visually or aurally reproduced material of any kind in any medium in your possession, custody, or control or known by you to exist, including originals, all prior drafts, and all non-identical copies.

4. All terms not defined herein shall have their ordinary meaning, unless such terms are defined in CERCLA, 42 U.S.C. §§ 9601 et seq.; RCRA, 42 U.S.C. §§ 6901 et seq.; or their regulations found at 40 CFR Part 300 or 40 CFR Part 260 et seq. respectively, in which case the statutory or regulatory definitions shall apply.

QUESTIONS

1. Identify the person(s) answering these Questions on behalf of Respondent.
2. For each and every Question contained herein, identify all persons consulted in the preparation of the answer.
3. For each and every Question contained herein, identify documents consulted, examined, or referred to in the preparation of the answer or that contain information responsive to the Question and provide accurate copies of all such documents.
4. In response to EPA information request letters, you stated that for the years 2003 to present the only available financial statement for CoCa Mines is the one-page balance sheet provided to DOJ. However, in response to #12 of the DOJ Submittal, you included unaudited balance sheets and income statements in various formats. Please provide all annual financial statements, including balance sheets, income statements, statements of cash flows, and, if prepared, notes and detailed schedules. Please provide any other financial statements or information (i.e., balance sheets, income statements, statements of cash flows) prepared on an other-than-annual basis (e.g., monthly, quarterly, as needed) that reflect CoCa Mines' financial status for the years 2003 to present. In addition, please provide any interim financial statements (including balance sheets, income statements, and statements of cash flow) that have been prepared for CoCa Mines for the period of January 1, 2003 to present.
5. Is Creede Resources, Inc. (CRI) the only subsidiary owned in whole or in part by CoCa Mines at any time from January 1, 2003 to the present? If not, please identify any other subsidiary, including (i) the year and state or country of incorporation; (ii) the owners and ownership percentage if not 100% owned by CoCa Mines in each year from 2003 to the present; and (iii) provide copies of all financial statements or other information that reflect the financial status of the subsidiary for the years 2003 to present, including annual financial statements, other-than-annual financial statements, interim financial statements, and any other financial documents.

6. Explain the status of the following entities listed in CoCa Mines' 2004 and 2007 internal balance sheets (Bates # COCA 000199, COCA 000175), and their relationships to CoCa Mines in each year from 2003 to the present.

- a. Cactus;
- b. Hardscrabble;
- c. Middle Butte Partners Limited
- d. Creede Resources, Inc.; and
- e. Mudge.

7. Please clarify the "Affiliates Payable" appearing on CoCa Mines' balance sheet, ranging from \$17,765,936 as of Dec. 31, 2003 to \$19,882,530 (See Request #8 of the DOJ Submittal). Identify all offsetting accounting entries that were made in both Hecla Mining Company's (Hecla) and CoCa Mines' books at the time of the initial transaction. Identify the line item where this value should have been entered, as well as the line items that should have been used for all offsetting accounting entries, in both Hecla's and CoCa Mines' books. Identify the person who first discovered this apparent misclassification, and describe the circumstances of that discovery. Describe the actions taken to reflect the correction of the misclassification on Hecla's financial statements. Provide copies of all working papers and/or other written documentation related to the accounting actions undertaken in response to the discovery and subsequent correction of this misclassification.

8. In response to Request #8 of the DOJ Submittal regarding "Affiliates Payable", CoCa Mines stated that the entry relates to Hecla's acquisition of CoCa Mines in 1991, and to the transfer of an investment in a mine that was subsequently closed and written off. Please explain why the amount in CoCa Mines' affiliates payable continued to increase from 2003 through 2006. Explain why the inter-company receivable remained on CoCa Mines' internal balance sheet as of December 31, 2008 (Bates # CoCa 000166), one year after the receivable was removed from CoCa Mines' federal corporate income tax returns. Please explain why the CoCa Mines Board of Directors meeting minutes does not reflect any discussion of this accounting misclassification and its impact on the company's presumed financial position.

9. There are several discrepancies between CoCa Mines' tax returns and the unaudited financial statements included as part of the DOJ Submittal (Bates # COCA 000001, referred to below as the 'summary sheet'). Please explain the following discrepancies:

- a. For 2008 (COCA 000166):
 - (i) inter-company receivables of \$19,238,534 included on the balance sheet for that year but not on the summary sheet.

b. For 2006 (COCA 000186):

- (i) amounts for, and inclusion of, all assets on the balance sheet except other current assets which differ from the summary sheet;
- (ii) intracompany liabilities or equity of (\$8,129,112) that does not appear on the summary sheet (and is different from the value shown in 'return of capital');
- (iii) absence of accrued reclamation and closure costs from the balance sheet; and
- (iv) absence of provision for reclamation and closure costs from the income statement.

c. For 2003 (COCA 000203):

- (i) amounts for, and inclusion of, all assets on the balance sheet which differ from the summary sheet;
- (ii) intracompany liabilities or equity of (\$8,144,538) that does not appear on the summary sheet (and is different from the value shown in 'return of capital');
- (iii) absence of accrued reclamation and closure costs from the balance sheet; and
- (iv) absence of provision for reclamation and closure costs from the income statement.

10. For each year from 2003 to the present, describe each component of environmental liabilities (including accrued reclamation costs) reflected on CoCa Mines' balance sheet. Please provide copies of all work papers, analyses, and other documentation relating to the cost estimates associated with these liabilities.

11. For each year from 2003 to the present, describe each component of the environmental liabilities (including accrued reclamation costs) related to CoCa Mines reflected on Hecla Mining Company's balance sheet, and/or discussed in the notes to Hecla's financial statements and describe each component of the environmental liabilities (including accrued reclamation costs) related to CoCa Mines that was considered for inclusion on Hecla Mining Company's balance sheet and/or inclusion in the notes to Hecla's financial statements. Please provide copies of all work papers, analyses, and other documentation relating to the cost estimates associated with these liabilities.



NOTARIZED CERTIFICATE

I, _____, having been duly sworn and being of legal age, hereby state:

1. I am the person authorized by _____ to respond to the Environmental Protection Agency's (EPA's) request for information concerning the Gilt Edge Mine Site in Lawrence County, South Dakota.

2. I have made a complete and thorough review of all documents, information, and sources relevant to the request.

3. I hereby certify that the attached response to EPA's request is complete and contains all information and documents responsive to the request.

(SEAL)

(Signature) (Name, Title)
Subscribed and sworn to me
this __ day of _____, 2011.

Notary Public
My Commission Expires:
My address is:



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SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 		<p>A. Signature <i>Kate Wempner</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
		<p>B. Received by (Printed Name) <i>Kate Wempner</i></p>	<p>C. Date of Delivery <i>4-12-11</i></p>
<p>1. Article Addressed to:</p> <p>Ronald W. Clayton, President CoCa Mines, Inc. 6500 North Mineral Drive, Suite 200 Coeur d' Alene, Idaho 83815-9408</p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
		<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
<p>2. Article Number (Transfer from service label)</p>		<p>7009 3410 0000 2593 0676</p>	
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<p>Ronald W. Clayton, President CoCa Mines, Inc. 6500 North Mineral Drive, Suite 200 Coeur d' Alene, Idaho 83815-9408</p>	
<p>PS Form 3800, August 2006 See Reverse for Instructions</p>	